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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

In the Matter of )  
 )  
Inquiry Concerning the Deployment of )  
Advanced Telecommunications )  
Capability to All Americans in a Reasonable )  
and Timely Fashion, and Possible Steps )  
to Accelerate Such Deployment )  
Pursuant to Section 706 of the )  
Telecommunications Act of 1996 )

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY  
CC Docket 98-146

**COMMENTS OF PHONES FOR ALL, INC.**

Phones For All, Inc., on behalf of itself and its subsidiary Preferred Carrier Services, Inc. (collectively "Phones For All"), by its undersigned counsel, respectfully submits these comments in response to the Commission's Notice of Inquiry ("NOI") in the above-captioned proceeding.<sup>1</sup> The Commission has invited comment on a number of issues, including "regulatory barriers to the wide use of prepaid service plans that might speed deployment of advanced services to low income Americans."<sup>2</sup> Phones For All is committed to making local service available to *residential* customers who may not qualify for service by an incumbent carrier. In the interest of protecting availability of the widest number of local service options for these customers, Phones For All wishes to underscore the critical nature of its universal local service, the competition that these offerings will bring to local telecommunications markets, and the importance of providing its services without undue burden imposed by State PUCs.

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<sup>1</sup> FCC 98-187 (rel. August 7, 1998).

<sup>2</sup> NOI, ¶ 68,

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Phones For All, a Texas corporation, has provided residential competitive local exchange service for over a year and a half. It presently offers an alternative form of service to customers who do not have local telephone service. Phones For All is certified as a CLEC in 30 states and has entered into interconnection agreements with every RBOC as well as GTE and Sprint/United. Phones For All is actively marketing its services in numerous states and foresees offering local service in nearly every state by year end.

Phones For All has recognized the trend that local telephone service subscribership in this country continues to fluctuate. Importantly, however, there remains a significant number of potential end-users who cannot obtain satisfactory telephone service from their local carrier. Many Americans cannot comply with the unnecessarily burdensome credit requirements imposed by incumbent carriers, and cannot take advantage of CLEC services, which have focused on business customers. For some prospective customers that have poor credit, deposit requirements alone have placed basic local telephone service out of reach. For some former customers, "payment plans" offered by incumbents have proven plainly inadequate to address continuing financial hardships. Many of these customers have had their service disconnected because of long distance usage for which they cannot pay. Moreover, ILECs that bill for interexchange carriers have refused to re-establish local services, especially in states that allow disconnection for failure to pay the long distance portion of a bill. Finally, many Americans may prefer to subscribe to local services on a short-term basis without incurring extra charges to protect their personal information from wide dissemination. This is also an important policy concern for low-income Americans, who are vulnerable to the marketing efforts spawned by such dissemination.

As the Commission is aware, lack of basic local telephone service, seemingly most prevalent in inner cities, is only the first problem faced by "phoneless" Americans who want basic local service. Without a phone, such persons cannot access emergency services through the use of 911/E911. The lack of basic service also often frustrates attempts to secure a job. Further, even where credit rating is not a problem, these prospective customers face hardships by not having a telephone number. For instance, they may not qualify for credit arrangements for such things as renting home furnishings.

To address these concerns, Phones For All has embarked on an imaginative plan designed to identify, reach out to, and attract subscribers who would otherwise go without local telephone service. Phones For All will sell local service in advance, much like long distance carriers provide through pre-paid calling cards. Customers need not establish credit, incur additional debt, nor provide personal information. Instead, they will simply purchase service by the month, paying monthly only as long as they intend to use the service. Upon purchase, Phones For All will activate a local line for the subscriber's use. Phones For All offers residential local telephone service that allows unlimited local calling at a flat rate. The service is available without compromising the customer's privacy by requiring a credit check. In addition, the service can be tailored to the customers needs. For instance, no deposit is necessary where the customer agrees to have usage-sensitive services blocked.

Alternative calling plans have been pivotal in introducing competition to long distance markets. Stand alone calling cards, through which carriers like MCI allowed customers to dial a local access number to reach a competitive long distance dial tone, began a monumental surge in

customer choice. Pre-paid debit cards have similarly been instrumental in ensuring diverse offerings for more and more Americans.

Phones For All now wishes to bring wide-scale competition to local markets. New entrants like Phones For All, and the innovative solutions they provide, exert competitive pressure on current carriers. Phones For All also offers its service with greater convenience and ease of provision than has ever been provided by any other LEC. At best, such a process will quickly draw the attention of incumbents and other providers to "one-up" Phones For All's services with competitive prices and offerings like advanced services. At the very least, Phones For All promises to open a new realm of local competition, with endless possibilities for the future of choice in local services.

Phones For All urges the Commission to give due consideration to the importance of the wide use of pre-paid local service plans as it considers future regulation of local telephone service. As discussed, such plans will accrue to the benefit of many Americans. This is especially important given that ILECs *do not want* to serve those who currently have no telephone (despite the mandate of universal service). Phones For All will not be successful in its endeavors, however, unless the Commission ensures that states do not impose onerous regulatory requirements. Specifically, innovators such as Phones For All cannot effectively operate with prohibitions on service blocking and price ceilings tied to ILEC tariff rates.

\* \* \*

Phones For All looks forward to participating in this proceeding and filing reply comments to the extent appropriate in light of the initial comments filed.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Dana Frix", with a stylized, flowing script.

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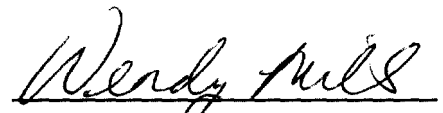
September 14, 1998

## **CERTIFICATE OF SERVICE**

I hereby certify that on this 14th day of September, 1998, a copy of the foregoing *Comments of WinStar Communications, Inc.; CC Docket No. 98-146* was delivered to:

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